GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:821
ANSWERED ON:17.08.2007
SERVICE TAX ON EDUCATION AND HEALTH.
Owaisi Shri Asaduddin

Will the Minister of FINANCE be pleased to state:

(a) whether after debating for months, Union Government and State Government have evolved a consensus on levying taxes on services like education and health;

(b) If so, the details thereof and reasons for levying tax on such basic facilities to common man;

(c) whether taxes on education and health is in violation of constitutional guarantee of right to education and health; and

(d) If so, the extent to which these taxes are likely to hit common man?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM)

(a) As part of the package of compensation for the States on account of phasing out the Central Sales Tax (CST), 44 new services were preliminarily identified for consideration towards levy of service tax, which inter-alia included education services − namely, Pre-school education services, General secondary education services, Higher secondary education services, Technical and vocational secondary education services and Post-secondary technical and vocational education services - and health services − namely, Hospital Services, Primary Medical and dental services and Other human health services.

As the collections from the levy of service tax are proposed to accrue entirely to the States as a part of the agreed package for such compensation, this list of 44 new services had been forwarded to the Empowered Committee of State Finance Ministers for their deliberation and recommendation about the services which should be taxed by the Government of India. The issue has been under deliberation at the Empowered Committee, a formal recommendation of which is awaited.

(b), (c) & (d) : In view of (a) above, these questions do not arise.